

350 Grants to Foreign Governments

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Functional Series 300: Acquisition and Assistance
ADS Chapter 350 - Grants to Foreign Governments

350.1 Authority

Section 635(a) and (b) of the Foreign Assistance Act of 1961, as amended (FAA).

350.2 Objective

To establish standard provisions and other requirements for grants to foreign governments. This chapter does not apply to grants to public international organizations or P.L. 480 agreements.

350.3 Responsibility

a) Operating Units: Within their delegated authorities (**See [Chapter 103](#)**), bureaus and other operating units are responsible for preparing, negotiating, signing and implementing bilateral grants in furtherance of their strategic plans and management contracts and approving substantive exceptions.

b) Bureau for Program and Policy Coordination (PPC) is responsible for establishing Agency policy for bilateral grants.

c) Office of General Counsel (GC) and Regional Legal Advisers (RLAs): GC and RLAs are responsible for providing guidance on the legal and policy effects of grant provisions; assisting operating units in drafting and negotiating, interpreting and implementing bilateral grants agreements; and approving non-substantive exceptions.

350.4 Definitions (See Glossary [Word](#) | [PDF](#) | [HTML](#)**)**

BILATERAL GRANT AGREEMENT OR BILATERAL GRANT
STRATEGIC OBJECTIVE GRANT AGREEMENT (SOAG)

350.5 POLICY

The statements contained within the .5 section of this ADS chapter are the official Agency policies and corresponding essential procedures.

350.5.1 STRATEGIC OBJECTIVE GRANT AGREEMENT (SOAG)

The **[SOAG](#)** is the principal **[bilateral grant agreement](#)** used by USAID. A SOAG is composed of the Principal Text; Annex 1, Amplified Description; and Annex 2, Standard Provisions. (**See Mandatory Reference [SOAG](#)**)

E350.5.1 Strategic Objective Grant Agreement (SOAG) - N/A

350.5.1a SOAG - PRINCIPAL TEXT - SUBSTANTIVE REQUIREMENTS

Except as provided below or unless there is an exception, the Principal Text must address in substance the following (*Mandatory References are to provisions of model SOAG*) (**See Mandatory Reference [SOAG](#)**):

- 1) Article 2: Strategic Objective and Results.
 - a. Strategic Objective. The Principal Text must describe the Strategic Objective.
 - b. Results. The Principal Text or Annex 1 must describe the significant Results and indicators. If the Principal Text contains Results, there must be a provision on how the Results can be amended, e.g. by formal amendment of the SOAG or by Implementation Letter.
 - c. Annex 1, Amplified Description. The Principal Text must provide that Annex 1 amplifies the Strategic Objective or Strategic Objective and Results. It must state whether it can be amended without formal amendment of the SOAG and any limitations on such amendments, i.e., Annex 1 amendments must be within the SOAG description of the Strategic Objective or the Strategic Objective and Results.
- 2) Article 3: Contributions of the Parties
 - a. Section 3.1(a), USAID Contribution. The Principal Text must state the amount being granted, e.g., USAID hereby grants to the Grantee under the terms of this Agreement not to exceed \$_____ (the "Grant").
 - b. Section 3.1(b), Incremental Funding. Any statement on future funding increments by USAID must be made subject to the availability of funds to USAID for that purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.
 - c. Section 3.1(c), Unilateral Deobligation. In order to comply with reprogramming requirements by temporary removal of excess pipeline, there must be a provision reserving to USAID the unilateral right to reduce the Grant if the amount of the Grant is in excess of that which can reasonably be committed for achieving the

Objective during the current or next fiscal year. In order that any deobligation not change the scope of the SOAG or USAID's intent to ultimately obligate the full amount originally anticipated, the Principal Text must contain a provision stating that any reduction does not reduce USAID's total estimated contribution in section 3.1(b) or, if not incrementally funded, in section 3.1(a), subject to the availability of funds to USAID for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

d. Section 3.2, Grantee Contribution. The Grantee's total estimated contribution must be stated and provide for the Grantee to report on its contribution at least annually in a format to be agreed upon with USAID.

3) Article 4: Completion Date.

a. The Principal Text must state a specific Completion Date, i.e., the date by which the parties estimate that all activities necessary to achieve the Results will be completed. The Principal Text may provide for the right of the Parties to agree to a change in the Completion Date before or after the Completion Date.

b. The Principal Text must provide that, except as USAID may otherwise agree in writing, USAID will not issue or approve any disbursement documentation that would result in a disbursement for goods or services furnished after the Completion Date.

c. The Principal Text must provide that requests for disbursement must be provided by the Grantee no later than 9 months after the Completion Date, or such other period as USAID may agree in writing, and, that after such period, USAID may give notice and reduce the amount of the Grant, by all or part of the amount for which requests for disbursement were not timely received.

4) Article 5: Conditions Precedent to Disbursement.

If there are conditions precedent to first or additional disbursement, the Principal Text must provide for:

a. Conditions precedent to be met in a form and substance satisfactory to USAID.

- b. Terminal dates for satisfaction of any conditions precedent. The Principal Text may provide that USAID may agree to later terminal dates before or after the terminal dates.
 - c. The right of USAID to terminate the SOAG if the conditions precedent to first disbursement are not met by the terminal date.
 - d. The right of USAID to cancel the undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and to terminate the SOAG if the conditions precedent to additional disbursement are not met by the terminal date.
- 5) Article 6: Special Covenants. This article must contain any special covenants specified in the management contract or otherwise determined to be required. The covenants, including responsibilities and any deadlines, must be clearly stated.
- 6) Article 7: Miscellaneous.
- a. Section 7.1. Communications. There must be a provision designating addresses for communications and providing that delivery to the designated address constitutes delivery to the Party.
 - b. Section 7.2. Representatives. There must be a provision designating the representatives of the Parties for taking actions under the SOAG; providing for the designation of additional representatives and the limitations, if any, on the authority of the additional representatives, e.g. can amend Annex 1 but not amend the definition of the Strategic Objective; and requiring the Grantee to furnish the names and specimen signatures of its representatives.
 - c. Section 7.3. Standard Provisions Annex. The Agreement must contain a provision providing that the Standard Provisions Annex forms part of the SOAG.
 - d. Section 7.4. Language of Agreement. If there is a foreign language version that will be signed by the Parties, there must be a provision that provides that the English language version controls in the event of ambiguity or conflict.
- 7) Signatures and Dates. The SOAG must be signed by the Parties and dated.

E350.5.1a SOAG - Principal Text - Substantive Requirements - N/A

350.5.1b SOAG ANNEX 1 - AMPLIFIED DESCRIPTION

Except as provided below or unless there is a deviation, the Amplified Description or the Principal Text must address in substance the following:

- 1) An explanation of the problem(s) being addressed at the macro, sectoral or sub-sectoral level.
- 2) Financial plan or budget, including the grantee's contribution.
- 3) Results to be achieved and the means for measuring results, e.g., indicators, targets, and performance guidelines.
- 4) The specific activities to be financed. Or in cases where the actual activities to be financed are not identified and approved by USAID until after the SOAG is signed, the objective criteria and procedures for USAID approval of actual activities. The criteria and procedures must be based on technical and financial planning which includes illustrative activities with indicative funding levels.
- 5) Roles and responsibilities of the parties, including measures to be taken to involve customers and, where applicable, other partners.
- 6) Monitoring and evaluation.

E350.5.1b SOAG Annex 1 - Amplified Description - N/A

350.5.1c STANDARD PROVISIONS ANNEX

Except as provided below or unless there is an exception, the text of following standard provisions is mandatory (the actual text is in the Model SOAG) (**See Mandatory Reference [SOAG](#)**):

- 1) Article A:
 - a. Section A.1. Definitions.
 - b. Section A.2. Implementation Letters.
- 2) Article B: General Covenants.
 - a. Section B.1. Consultation.
 - b. Section B.2. Execution of Agreement.

c. Section B.3. Utilization of Goods and Services.

d. Section B.4. Taxation. This clause reflects the "majority practice" under USAID Economic Bilateral Agreements or U.S. Post tax arrangements under the leadership of the U.S. Embassy. It clarifies and adds specificity to the "majority practice" and to the clause previously used under the "Project Agreement" format. If the specific "Post practice" provides more in the way of exemptions than Section B.4, the operating unit must attempt to negotiate a provision incorporating those exemptions in the SOAG. If, on the other hand, the "Post practice" confers less and the Operating Unit cannot negotiate or is not permitted to negotiate the additional exemptions in Section B.4., the head of the Operating unit may approve an alternate clause that reflects "Post practice." In such a case, the operating unit must record the reasons for the alternate clause and inform USAID/W on the feasibility of reopening negotiations on this issue.

e. Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections. The clause provides that "Agreement books and records" be kept in accordance with generally accepted accounting principles prevailing in the United States. Operating units are authorized to modify the clause or issue an Implementation Letter to provide for international, local or other accounting principles. See ADS 591.5.4 and E591.5.4 for general audit requirements.

f. Section B.6. Completeness of Information.

g. Section B.7. Other Payments.

h. Section B.8. Information and Marking.

3) Article C: Procurement Provisions.

a. Section C.1. Source and Origin.

b. Section C.2. Eligibility Date.

c. Section C.3. Plans, Specifications and Contracts.

d. Section C.4. Reasonable Price.

e. Section C.5. Notification to Potential Suppliers.

f. Section C.6. Shipping.

- g. Section C.7. Insurance.
- h. Section C.8. U.S. Government-Owned Excess Property.
- 4) Article D: Disbursements.
 - a. Sections D.1, D.2 and D.3 are not mandatory. It is not mandatory to set forth specific types of disbursements in Annex 2; this provision may provide that disbursements will be those agreed to by the Parties in writing, e.g., in an Implementation Letter or Annex 1.
 - b. Section D.4. Rate of Exchange.
- 5) Article E: Termination; Remedies.
 - a. Section E.1. Suspension and Termination.
 - b. Section E.2. Refunds.
 - c. Section E.3. Nonwaiver of Remedies.
 - d. Section E.4. Assignment.
- 6) Section F.1. Job Loss, Export Processing Zones and Workers' Rights. This clause is required by PD 20, "USAID Programs and U.S. Jobs" and any exceptions must be approved in accordance with PD 20. **(See Mandatory Reference [PD 20](#))**
- 7) Section F.2. Bilateral Population Activities. If the SOAG will finance population activities, the operating unit is required to insert the language set forth in Section F.2. in the agreement and implementation letter. If it is necessary to consider substantive alternative language, the operating unit shall consult the cognizant RLA or GC in Washington.
- 8) Section F.3. Prohibition on Assistance to Drug Traffickers. See ADS 206 to determine if the clauses in 206.5.9 are required.

E350.5.1c Standard Provisions Annex - N/A

350.5.2 LIMITED SCOPE GRANT AGREEMENT (LSGA)

- a) Operating units are authorized to use an LSGA for funding less complex activities or where the grantee has a distinct and limited role that does not require the detailed description of the grantee's responsibilities

found in a SOAG. For example, an LSGA may be used to fund a specific activity or result of limited scope, duration or funding or for a more complex activity for which primary implementation responsibility will be vested in an entity other than the grantee.

b) An LSGA is composed of the Title Page; Annex 1, Standard Provisions; and an optional Annex 2, Activity Description. **(See Mandatory Reference [LSGA](#))**

E350.5.2 Limited Scope Grant Agreement (LSGA) - N/A

350.5.2a LSGA - TITLE PAGE AND ACTIVITY DESCRIPTION ANNEX

Except as provided below or unless there is an exception, the Title Page or Activity Description Annex must contain or substantively address the following:

- 1) Activity Title and USAID Activity Number.
- 2) Description of the Results or Activity.
- 3) Purpose. A statement to the effect that USAID and the Grantee hereby agree to carry out the Activity described in this Agreement in accordance with (a) the terms of this Agreement and (b) either any general agreement between the two governments regarding economic or technical cooperation or the title of the specific general agreement.
- 4) USAID Contribution.
 - a. A statement as to the authority for the grant and the amount being granted, e.g., "USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee U.S.\$_____ (the "Grant") to be expended as described herein."
 - b. Incremental Funding. If the LSGA is to be incrementally funded, future funding increments by USAID must be made subject to the availability of funds to USAID for that purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.
- 5) Grantee Contribution: A statement as to the amount, e.g., "The Grantee will provide equivalent U.S.\$_____, of which the equivalent of U.S.\$_____ will be provided in-kind."

- 6) Completion Date.
- 7) A statement as to what constitutes the LSGA, e.g., "This Agreement consists of (a) this Title Page, (b) Annex 1, Standard Provisions Annex, and (c) Annex 2, Activity Description."
- 8) Addresses (optional).
- 9) Signatures and Dates. The LSGA must be signed by the parties and dated.

E350.5.2a LSGA - Title Page and Activity Description Annex - N/A

350.5.2b LSGA - STANDARD PROVISIONS ANNEX

Except as provided below or unless there is an exception, the text of following standard provisions is mandatory (the actual text is in the Model LSGA.) (**See Mandatory Reference [LSGA](#)**)

- 1) Article A. Definitions.
- 2) Article B. Implementation Letters.
- 3) Article C. USAID Contribution.
- 4) Article D. Grantee Contribution.
- 5) Article E: Completion Date.
- 6) Article F: Utilization of Goods and Services.
- 7) Article G: Taxation. For guidance on the use of this clause see 350.5.1c.
- 8) Article H: Reports and Information, Agreement Books and Records, Audits, and Inspections. For guidance on the use of this clause see 350.5.1c.
- 9) Article I: Other Payments.
- 10) Article J: Information and Marking.
- 11) Article K: Rate of Exchange.
- 12) Article L: Procurement of Goods and Services.

13) Article M: Suspension, Termination and Other Remedies.

14) Article N: Job Loss, Export Processing Zones and Workers' Rights. For guidance on the use of this clause see 350.5.1c.

15) Article O: Language of Agreement. Mandatory only when there is a foreign language version that will be signed by the Parties.

16) Article P: Bilateral Populating Activities. If the LSGA will finance population activities, the operating unit is required to insert the language set forth in Article O in the agreement and implementation letter. If it is necessary to consider substantive alternative language, the operating unit shall consult the cognizant RLA or GC in Washington.

17) Article P: Prohibition on Assistance to Drug Traffickers. See ADS 206 to determine if the clauses in 206.5.9 are required."

E350.5.2b LSGA - Standard Provisions Annex - N/A

350.5.3 OTHER BILATERAL GRANT AGREEMENTS

Operating units are authorized to use other types of bilateral agreements, such as cash transfer or commodity import agreements, subject to the clearance of an RLA or AGC office.

E350.5.3 Other Bilateral Grant Agreements - N/A

350.5.4 EXCEPTIONS TO MANDATORY PROVISIONS

The following requirements are in addition to approvals required above or by other ADS provisions, e.g. an exception to the provision on "Job Loss, Export Processing Zones and Workers' Rights" must be approved in accordance with PD 20.

a) A change in the numbering, lettering or titles of provisions or moving provisions within and between parts of an agreement does not require an exception.

b) The cognizant RLA or Assistant General Counsel Office (AGC) are authorized to approve non-substantive exceptions.

c) Operating Units are authorized to approve substantive exceptions, subject to the clearance of the cognizant RLA or Assistant General Counsel Office (AGC).

- d) Exceptions may be approved for a specific agreement or class of agreements.

E350.5.4 Exceptions to Mandatory Provisions - N/A

350.5.5 TRANSMISSION OF BILATERAL GRANT AGREEMENTS TO CONGRESS (CASE-ZABLOCKI ACT)

- a) Applicability. This section applies to:
 - 1. Any bilateral grant agreement that obligates \$25 million dollars or more in USAID funds or is significant for reasons other than the size of the financial commitment.
 - 2. An amendment that obligates \$25 million dollars or more in USAID funds or which is significant for reasons other than the size of the financial commitment. Each amendment is considered a separate agreement for purposes of Case-Zablocki.
 - 3. It is the actual amount obligated which is controlling for purposes of the \$25-million threshold, not the total estimated USAID contribution.
- b) Immediately upon the signing of an agreement, overseas operating units are to cable and USAID/W operating units are to write a memorandum to State/L/T with the date of signing and dollar amount.
- c) As soon as possible after signing but no later than 20 days after signing, operating units must transmit to State/L/T, Department of State,
 - 1. The original or a certified copy of the agreement with the following typed statement signed and dated by any responsible official of the office or mission transmitting the copies: "Certified to be a true copy of the original signed by [names and titles of signatories]."
 - 2. A brief statement identifying the nature of the agreement, e.g., "This Strategic Objective Grant Agreement grants \$30 million to the Government of Country X for child survival activities."
 - 3. In the case of a "significant" agreement, the reason why the agreement is significant.
 - 4. A copy of each annex or attachment to the agreement.

5. The original or a duly certified copy of any foreign language version signed by the Parties. Foreign language agreements not signed by the Parties do not have to be provided.

E350.5.5 Transmission of Bilateral Grant Agreements to Congress (Case-Zablocki Act) - N/A

350.5.6 PRIOR CONSULTATION WITH THE SECRETARY OF STATE

a) Applicability.

1. This section applies only to those bilateral grant agreements which (a) are not covered by an economic bilateral agreement and (b) are for \$25 million dollars or more or significant for reasons other than the size of the financial commitment.

2. Where an economic bilateral agreement is in effect, all subsequent bilateral grant agreements to that country, regardless of value, which follow the terms of the bilateral agreement are exempt from these requirements for prior consultation.

b) Operating units must submit two copies of the agreement to GC at least fifty days prior to the anticipated date for concluding a proposed agreement, or as soon thereafter as possible if unusual circumstances prevent meeting the 50-day deadline.

c) GC will consult with State/L/T and coordinate any necessary processing or actions.

E350.5.6 Prior Consultation with the Secretary of State - N/A

350.6 Supplementary Reference - N/A

350.7 Mandatory References

[Guidance on Funding Foreign Government Delegations to International Conferences](#)

[Limited Scope Grant Agreement \(LSGA\)](#)

- a. Title Page.
- b. LSGA Annex 1 -Standard Provisions.

[Strategic Objective Grant Agreement \(SOAG\)](#)

- a. Principal Text.
- b. SOAG Annex 1 - Amplified Description.
- c. SOAG Annex 2 - Standard Provisions.

Series 300, Interim Update #5, Policy Notice Reissuance, dated
March 9, 1998

Series 300, Interim Update #8, Waiver of the Host Country
Contribution Requirement for Relatively Least Developed Countries,
effective February 1, 1999

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